

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7564

BILL NUMBER: SB 580

DATE PREPARED: Jan 8, 1999

BILL AMENDED:

SUBJECT: Property tax assessment.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Land Commission:* This bill reestablishes a county land valuation commission in each county. It requires the county assessor to approve expenditures from the Property Reassessment Fund. The bill provides that a request for an appropriation from the Property Reassessment Fund must be approved by the county assessor.

Computer Specifications: The bill requires the State Board of Tax Commissioners to develop specifications that prescribe state requirements for computer software and hardware to be used by townships for assessment purposes. It provides that after December 31, 1999, each township assessor shall maintain a state certified computer system that has the capacity to process and maintain assessment records, forms, and notices and to transfer data to and from the computer systems maintained by the county assessor. This bill also requires assessing officials in townships that rely on the county to enter computer records to file the data with the county assessor not later than April 1 (instead of May 15).

Assessor Training and Certification: This bill also requires the State Board of Tax Commissioners to provide examinations that coordinate with the training sessions for assessing officials. It provides that county, township, and trustee assessors and employees of these offices have priority in attending the training sessions. The bill permits the State Board of Tax Commissioners to revoke the certification of an assessor if that person committed fraud or misrepresentation with respect to the preparation, administration, or taking of a certification examination.

This bill provides that beginning January 1, 2000, each county assessor or an employee of the county assessor must be a certified level 2 assessor-appraiser. It provides that the county fiscal body shall increase by \$1,000 the annual salary of a county assessor who attains a level 2 certification and that the county council shall fix the compensation of a county assessor who attains a level 2 certification at an amount that is at least \$1,000 more than the compensation of a county assessor who has not attained a level 2 certification. The bill also requires the county fiscal body to appropriate sufficient money to pay the expenses of the county assessor when the county assessor must perform the functions of the township assessor.

Board of Appeals: The bill prohibits an employee or elected official of a county or township, other than a county assessor, from serving on the property tax assessment board of appeals in the county in which the official or employee serves. It provides that if the county assessor is a certified level 2 assessor-appraiser, the board of county commissioners may waive the requirement that one of the freehold members appointed by the board to the county property tax assessment board of appeals must be a certified level 2 assessor-appraiser. The bill provides that a person who is a certified level 2 Indiana assessor-appraiser appointed to a property tax assessment board of appeals may serve on the property tax assessment board of appeals of another county at the same time.

This bill also provides that if there are not two freeholders in a county who are certified level 2 assessor-appraisers and who are willing to serve on the county property tax assessment board of appeals, the certified level 2 assessor-appraisers appointed to the board may reside outside the county. It further provides that the county assessor, county fiscal body, and board of county commissioners may agree to waive the requirement that not more than three of the five members of the county property tax assessment board of appeals may be of the same political party if it is necessary to waive the requirement because there are no certified level 2 assessor-appraisers who are willing to serve on the board and who are members of the political party that would otherwise be represented by two members on the board.

Effective Date: July 1, 1999; January 1, 2000.

Explanation of State Expenditures: *Assessor Training and Certification:* The State Tax Board would be required to give level one and level two assessor-appraiser examinations at times that coordinate with the training sessions conducted for new assessing officials, county assessors, or members of county property tax assessment boards of appeals. The State Board would be required to annually hold examinations in at least four locations in addition to Indianapolis.

Also under this provision, the State Tax Board would be required to conduct training sessions for assessor-appraiser certification at times that would coincide with the dates and locations for examinations. Local assessing officials and their employees would be given advanced notice of the sessions and would be given enrollment priority over the general public.

The bill requires the State Board to revoke the certification of any individual who commits fraud or misrepresentation with respect to the certification examination. The Board would hold a hearing to consider evidence before making a determination.

These training and certification requirements would first take effect in CY 2000. Beginning in CY 2000, the State Tax Board could incur additional expenses for holding additional assessor-appraiser training sessions and certification examinations. These expenses would include staff travel and rent (if any) for meeting space. The actual impact would depend on the number and location of any additional meetings.

Computer Specifications: Current law requires the State Tax Board to develop computer software and hardware specifications to be used by counties for assessment purposes. This bill would require the Tax Board to develop standards for townships as well. The Tax Board could incur some additional expense in developing and promulgating these guidelines. Any expense should be minimal since the county standards have been written and could serve as the basis for the township standards.

Explanation of State Revenues:

Explanation of Local Expenditures: *Land Commission:* Under this proposal, the county fiscal body would be permitted to grant a per diem to the county and township assessors for each day that the assessors are engaged in service to the county land valuation commission. The per diem rate for each county is set by the individual county. The fiscal impact of this provision depends on the whether or not the county grants a per diem to the assessors, the amount of time that the assessors spend on commission work, and the per diem rate in the county.

Reassessment Fund: Under current law, each county has a Reassessment Fund. This fund has a property tax levy and is used to pay for completing general reassessments in the county. Appropriations from the fund must be approved by the county fiscal body. Under this provision, the county assessor, in addition to the county fiscal body, must approve any appropriation from the fund. This provision would ensure that the Reassessment Fund is being spent in accordance with the county assessor's plan for reassessment.

Assessor Training and Certification: According to the bill, county assessors who achieve a level two assessor-appraiser certification are to be paid an additional \$1,000 per year. This provision would increase expenses for county assessor salaries by up to \$92,000 per year, statewide.

Employees of the county assessor who achieve a level two assessor-appraiser certification are to be paid an additional \$500 per year. This provision would increase expenses for county assessor employee salaries. The amount of the total increase depends on the total number of employees who become certified. The bill requires that the county assessor or an employee be a certified level two assessor-appraiser.

The reassessment fund and salary provisions would first take effect in CY 2000. Beginning in CY 2000, the new compensation levels for county assessors and their employees could increase county General Fund expenditures. The above salary expenditure increases may come from an increased property tax levy or from money saved by reducing other expenditures. If the county already levies its maximum levy, then it could not increase taxes and instead would have to use current resources to fund the salary increases.

County Appropriations: Under current law, if a township trustee/assessor fails to perform their assessing duties, the county assessor is required to perform those functions. This bill requires the county fiscal body to appropriate sufficient money to cover the county assessor's expenses in this case.

Computer Specifications: As of January 1, 2000, township assessors would be required to shall maintain a state certified computer system. A July, 1998 survey indicates that almost 700 townships currently lack any computer equipment at all. The majority (228) of the 300 or so townships that have computers use a shared system with the other townships and the county. This provision could require substantial expenditures from townships that would need to buy compliant computer hardware and software.

Explanation of Local Revenues: *Land Commission:* County land valuation commissions were abolished by HEA 1783 (97) in favor of requiring township assessors to determine land values by November 1 preceding the effective date of a general reassessment. This bill reestablishes the county land commissions in a form much the same as they existed before 1997, but with one difference -- the township assessor of the township under review instead of a township assessor appointed by the county executive would be a member of the commission.

Each commission would be comprised of nine members including the county assessor, who serves as chairperson, two township assessors (one of which is a rotating position held by the township assessor whose township is under review), one real estate broker or salesperson, one individual representing each of the four

classes of land, and one individual representing a financial institution.

Under the proposal, the commissions would determine the value of all land in the county using State Tax Board guidelines and forward the land values to the county property tax assessment board of appeals by December 31 prior to the year in which the reassessment commences. The county assessor, as secretary of the board of appeals would be required to notify the township assessors of the values determined by the Commission.

Since the county land valuation commissions would determine land values on a county-wide basis, it is assumed that there would be an initial high level of uniformity within the county. Under current law, if the township assessors determine land values, the values would probably be uniform within the township, but they may not be uniform county-wide. Better uniformity among property assessments would help to produce a fairer distribution of the property tax burden.

Assessment Data: Under current law, township assessors must deliver a list of real property in the township to the county assessor by May 15. Under this proposal, a township assessor would have to deliver the data to the county assessor by April 1 if the township relies on the county assessor to input the data into the county's computer system. This provision would ensure that the county has sufficient time to complete the data entry before the county assessor needs to use the data.

Board of Appeals: This bill makes several changes to the composition of the property tax assessment board of appeals (Appeals Board). The bill prohibits an employee or officer of a county, municipality, or township, except for the county assessor, from serving on the appeals board. Currently, the county commissioners must appoint at least one certified level two assessor-appraiser to the appeals board. Under this proposal, the county commissioners would not have to appoint any level two assessor-appraisers if the county assessor is a certified level two assessor-appraiser. Currently, a member of the appeals board in one county may not serve on the appeals board of another county. This proposal would allow level 2 assessor-appraisers to serve on the appeal boards of more than one county.

This proposal also allows the county assessor, fiscal body, and commissioners to agree to waive the requirement that not more than three of the five appeals board members may be of the same political party if there are no certified level 2 assessor-appraisers who are willing to serve on the board and who are members of the political party that would otherwise be represented by two members on the board.

Some smaller Indiana counties may currently be having difficulty in filling vacancies on the appeals board with qualified persons under current law. The above changes may allow these counties to make all of the necessary appointments to the appeals board.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: County assessors; County auditors; County land valuation commissions; County boards of appeals; Township assessors.

Information Sources: